

## **BOARD OF DIRECTORS – ACTION SUMMARY**

**Wednesday, March 9, 2005 – 6:00 p.m.**

**Administration Building  
2101 Hurley Way, Sacramento, CA**

### **CALL TO ORDER**

The meeting was called to order by President Granados. Board Members present: Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley. Staff: Fire Chief Martinez, General Counsel Price, Board Clerk Tilson.

### **PLEDGE TO FLAG**

### **PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION INCLUDING ITEMS ON OR NOT ON THE AGENDA**

### **CONSENT AGENDA:**

#### **1. Board Meeting Action Summary—February 23, 2005**

- **Board Action:**  
*Kelly/Trujillo—approve the Consent Agenda. Directors Duveneck, Goold, Granados, Kelly, Lawson, Trujillo, Valley, AYE. Directors Engellenner and Jones, abstained. Motion carried.*

### **ACTION ITEM(S)**

#### **1. District Stand-Alone 2005/06 TRAN Issue—(Appel)**

- The Board at its meeting on January 26, 2005, gave staff direction to evaluate the District's participation in a Pooled TRAN for fiscal year 2005/06 through RBC Dain Rauscher.
- RBC Dain Rauscher has been removed from the County's approved investments list.
- Staff contacted Dennis Ciocca, the District's Financial Advisor on the Pension Funding Bonds. He reported that Rauscher is owned by Royal Bank of Canada, which has been placed on negative outlook by Standard and Poors and negative credit watch by Fitch. Further research indicated the District could realize more than a \$100,000 increase in TRAN revenue by issuing a stand-alone TRAN as illustrated on the calculations sheet. The underwriting fee for either a Pooled or stand-alone TRAN would be 0.08% of the par value sold.

- Dennis Ciocca of Sutter Securities stated due to the District being one of the largest investors in the Pool with a high credit rating and no need for insurance, it would be beneficial for the District to sell its own Tax and Revenue Anticipation Notes (TRAN) on a competitive bid and get the lowest possible market rate.

In response to a suggestion by Director Goold, Mr. Ciocca stated it is possible to look at the feasibility of forming the District's own local pool in a few years to include other agencies.

Deputy Chief Appel recommended the District enter into the initial stand-alone TRAN on its own.

- Recommendation that staff be authorized to utilize the services of Dennis Ciocca with Sutter Securities to proceed with issuing a stand-alone TRAN to enhance the District's 2005/06 revenues.
- **Board Action:**  
*Kelly/Trujillo—adopt the staff recommendation. Directors Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley, AYE. Motion carried.*

President Granados stated a District pooled TRAN is an interesting concept for assignment to the Finance Committee for future discussion.

## 2. Audit Request for FY Ending June 30, 2004—(Trujillo)

- The Policy Committee at its last meeting supported a two-phase audit in light of the short timeline for completion of the 2004 audit due April 1st in compliance with the pension obligation bond requirements and to answer questions on issues raised by Directors Granados and Trujillo.
- Alan Matré, Chief of Audits for Sacramento County, provided documents requested at the January 26, 2005 meeting on their audit standards to include the Audit Engagement Letter, Audit Planning Memorandum, and Audit Program; fully explaining their standard procedures.

Timeline for an additional engagement to respond to questions would be six to eight months because of limited staff. It is primarily a detailed issue of cost-accounting rather than the current financial accounting audit, requiring more work and testing with an unknown factor at this time to determine cost to the District.

- Director Goold in favor of a formal policy that drives audits before spending public funds. No issue with figuring out a process that describes how the money is truly spent.

- Discussion included a need to answer questions on the helicopter program expenditures, legal fees; cost-accounting analysis and a more detailed line item report on expenditures and revenues to improve the budget process; Board Workshop with experienced facilitator on budget process to identify problems and summarize needed changes.

#### **RECESS AT 7:07 P.M.**

**[Fire Chief Martinez departed]**

- Mr. Matré stated he utilizes a cost-accounting structure for his audit unit through the COMPASS system and offered to work with our Finance Director on a cost-accounting structure for the District.
- **Board Action:**  
*Engellenner/Trujillo—authorize staff to issue an RFP to auditing firms based on guidelines to be developed by the Finance Committee or at a Board workshop and prices and proposals returned to the Board. Directors Engellenner, Kelly, Lawson, Trujillo, Granados, AYE. Directors Duveneck, Goold, Jones, Valley, NO. Motion carried 5–4 vote.*
- Board Workshop recommended by Director Jones prior to the RFP and looking at an outside audit firm.
- Finance Director Houghton to define the scope of the audit and prepare outline of the Agenda. Workshop purpose is to provide the Board with a clear understanding of the budget process and accounting structure, answer questions, and enable the Board to formulate direction to proceed for the audit work. Preliminary Budget suggested as part of the Board education at the workshop.
- Timelines for the workshop to be developed by Mr. Houghton in accordance with his staff workload and division time constraints and get back to President Granados and the Board with the information.

### **3. Policy on Board Member Employment After Departure From the Board—(Trujillo)**

- The Policy Committee unanimously supported a two-year separation after leaving the Board.
- Counsel Price distributed a copy of the Draft policy on District Employment of Former Board Members with the addition of the 24-month timeframe.
- Director Goold questioned the limitation in view of Counsel Price's legal opinion and the constitutionality.

- President Granados felt 24-months does not preclude anyone from seeking employment with the District. This issue is based on ethics and he felt it was the right thing to do.
- Counsel Price stated he found nothing in statute that prohibits an elected official from leaving that post and subsequently applying for and being employed by that same agency. In his research the right to work is a fundamental right, but he understands concerns of the appearance of impropriety.

Reference was made to the Leaving Office Restrictions for State Officials distributed at the Policy Committee meeting, with a two-year prohibition on participating in a contract with which a person was involved as a state employee, and a one-year prohibition on influencing your prior state agency for compensation.

- **Board Action:**  
*Lawson/Valley—adopt the policy. Directors Duveneck, Engellenner, Granados, Jones, Kelly, Lawson, Trujillo, Valley, AYE. Director Goold, NO. Motion carried 8-1.*

#### 4. **Strategic Objectives for 2005—(Granados)**

The following is an overview by the Fire Chief of the ranking of the Strategic Objectives for 2005 and critical issues that were raised at the Board Workshop. This priority ranking was established considering both the time sensitive nature of each item and the ability of the staff to meet the workload required of each.

##### **Priority One**

- Development of a Planning Division (City/Business Services) (Executive Committee) Estimated Time Frame to Start Spring 05 (Completion 24-36 Months)

##### **Elements of Plan**

- Rancho Cordova-East End & Vineyard Developments

- Develop Comprehensive Fiscal Management Policy (Assignment to the Finance Committee) (Estimate time Frame) (Start Now) Report Summer 05

##### **Elements of Plan**

- Facility Financing Plan
- Master Facility Plan
- Adjustment of District Fees for Service
- Outside Auditor's review of practices and activities
- Establishment of Budget % for cost areas

- Leadership Transition Guiding Documents / Fire Chief Job Description (Assigned to Policy Committee)
  - Succession Planning / Line of Succession
  - Fire Chief Job Description
  - Deputy Fire Chief Job Description
- Policy Future Consolidations/Fire Regionalization (Executive Committee) (TBA)
  - Annexation of District Areas by Cities of Sacramento, Folsom, Rancho Cordova
  - Examine Mutual Aid Policy
  - Organization Structure and Staffing Document
- Follow up on Recommended Organizational Development Strategies (Executive Committee) (Start March 05)
  - Examine Method/Policy for Board Member Use of Counsel
  - Examine Board Policies and Interaction with Staff
  - Board Roles with Public
- Board Members Legal Briefing Once per Year by Counsel (Brown Act). Staff Assignment to Counsel Price (End of May 05)
- Fire District Annual Report (Staff Assignment through the Fire Chief to Division Managers). Full concurrence by Members of the Board
- Employee Survey

### **Priority Two**

- EMS Service Levels
- Improve Intergovernmental and Key Official Relations (Executive) TBA

### **Priority Three**

- New Radio Communication System (JPA Delegate to monitor and report back)

- **Board Action:**  
*Valley/Goold—adopt the Strategic Objectives for 2005 with the addition by Director Engellenner. Directors Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley, AYE. Motion carried.*

**5. Prepayment of Retirement Contributions and Potential Savings—(Appel)**

- At the January 26, 2005 Finance Committee meeting, staff reported the District was exploring the possibility of prepaying its annual retirement contribution costs.

The Finance Committee supported the recommendation.

- A two-page staff report was submitted with an additional calculations page illustrating a potential savings of about \$350,000 during fiscal year 2005/06 by prepaying its annual retirement contributions as shown on an additional calculations page.
- CalPERS actuarial on the pension fund payment to be provided to President Granados as requested.
- Recommendation that District staff be authorized to include the prepayment of retirement contributions in developing the 2005/06 and subsequent Preliminary Budgets until the County's Investment Pool returns an interest rate of at least 3.875%.
- **Board Action:**  
*Valley/Kelly—approve the Staff recommendation. Directors Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley, AYE. Motion carried.*

**6. Televised Board Meetings for Broadcast on Cable Television—(Martinez)**

Tabled to the March 23 Board meeting.

**PRESENTATION ITEM (S)**                      None.

**PRESIDENT'S REPORT—(Granados)**

- Thanked the Board for adopting the 2005 Strategic Objectives.
- Distributed copies to the Board of a letter from the Grand Jury. Board Clerk directed to send the information requested.
- Executive Committee met today. Discussion included anticipated presentation in April by Fire Chief Martinez on business development and a suggestion by the Chief of a Budget line item for each Board member by Division for specific expenditures.

**FIRE CHIEF'S REPORT—(Deputy Chief Ritter)**

- District to tighten regulations regarding several issues such as runoff from washing vehicles, what we need to do to facilities that store fuel in excess of 1,300 gallons, and phone locations. Staff is working with the appropriate agencies to make the necessary corrections. This is unanticipated and there may be some construction activities not budgeted.
- Electronic voting board is installed with an anticipated briefing on its use at the next meeting.

**GENERAL COUNSEL'S REPORT – None****COMMITTEE AND DELEGATE REPORTS:****Executive Committee—(Granados)**

- Received presentation on today's meeting.
- Next meeting: TBA

**Communications Center Delegate—(Engellenner)**

- Next meeting: March 29, 2005 – 10:30 AM

**California Fire & Rescue Training Authority—(Goold)**

- Next meeting: April 15, 2005 – 10:00 AM

**Finance Committee—(Kelly)**

- Next meeting: March 23, 2005 – 5:00 p.m.

**Policy Committee—(Trujillo)**

- Received presentation on meeting held yesterday.
- Next meeting: April 13, 2005 – 5:00 p.m.

**CLOSED SESSION 8:30 PM****RECONVENE TO OPEN SESSION 8:37 PM**

Report by General Counsel Price:

**1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Pursuant to California Government Code Section 54956.9(a) – One (1) Case

Cheryl Root vs Sacramento Metropolitan Fire District  
WCAB SAC 332966 and SAC 0318321

The Board discussed the case and provided settlement authority to the Workers' Compensation counsel. If and when there is a settlement, it will be announced at a future meeting in open session.

**2. CONFERENCE WITH LEGAL COUSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to Subdivision (b) of Section 54956.9

Claim Against Public Entity Pursuant to Government Code Section 910 by Schools Insurance Authority

The Board voted to deny the claim. Motion by Director Engellenner, seconded by Director Duveneck. Directors Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley, AYE. Motion passed.

**BOARD MEMBER QUESTIONS AND COMMENTS:****Board:**

- Condolences extended to both Director Engellenner and Director Lawson on their loss of a family member.

**Lawson:**

- Suffered the loss of his mother-in-law. Expressed appreciation to Station 61 for their services rendered during this time.
- Requested date on the groundbreaking for Station 32.

Mr. Horel stated groundbreaking ceremonies are scheduled on April 16 at 10:00 a.m. for Station 32 and 2:00 p.m. for Station 107. Invitations will be sent.

- Successful year for the District Strategic Objectives and looking forward to working with the other Board members.



**Trujillo:**

- Requested the Ad Hoc Committee for the Fire/Arson Investigation meet afterwards to calendar a meeting.

**Kelly:**

- Board encouraged to go on record in opposition to the effort by the State and private citizens to change the Defined Benefit Retirement Plan to a Defined Contributions Plan.
- Stations 109 responded to a fire this afternoon with backup by Stations 106 and 103. Thanked Battalion Chief Mette for permitting him to observe. Appreciated the experience.

**Engellenner:**

- Contacted by the Rio Linda-Elverta Historical Society requesting to appear before the Board at its second meeting in April. Mr. Mitchell to coordinate with Deputy Chief Plessas and Board Clerk Tilson.
- Will request a Closed Session at the next meeting on a personnel matter.
- Noted that an administrator made an inappropriate gesture today to a Director and hoped it would never happen again.
- There was a death in his family. Thanked everyone for their many expressions of sympathy.

**Goold:**

- In support of the men and women at this agency who go above and beyond the call of duty and do an outstanding job.

**Granados:**

- Need to stay focused on the issues. Adoption of the Strategic Objectives was very important, along with the employment policy. Continuing to move forward.

**ADJOURNMENT** – Meeting adjourned at 8:45 p.m.

---

Gregory A. Granados, President

---

Matt Kelly, Secretary

---

Charlotte Tilson, Clerk of the Board